

Revised Guidance on Accounting for Revenues Received from the Microsoft Settlement.

OPI has learned the settlement is a voucher reimbursement program. School districts may submit reimbursement vouchers for purchases of qualifying hardware and software from March 25, 2003 to November 25, 2007. One of the conditions is that school district may only submit one time per calendar year. It is our understanding the reimbursement will be made in December or January.

Reimbursement of prior year expenditures:

We still suggest school districts deposit the revenue to the fund which made the expenditure using revenue source 1900 Other Revenue or 6100 Prior Period Adjustments if the amount is material. Another option is to declare the funds a local project, deposit to Fund 15 Misc. Programs, credit revenue source 1900 Other Revenue and assign a 3-digit project reporter code. This is how eRate refunds are treated. If the funds are deposited to Funds 28 Technology or 29 Flexibility, the school district may use the same coding but should be aware they may have to adopt a budget amendment to spend the funds in the current year. It would not be appropriate to treat these funds as an abatement of current year expenditures.

Reimbursement of current or future year expenditures:

OPI suggests qualifying purchases be made from Fund 15 Miscellaneous Programs with a corresponding receivable established for the reimbursement. Expenditures should be coded to a local project reporter code using expenditure program 100 for regular education, 280 for special education or 390 for career technical education. The next step is to prepare a journal voucher and record revenue in the same amount as the purchase by crediting revenue source 1900 Other Revenue and debiting balance sheet account 190 Accounts Receivable. If the district anticipates the reimbursement will not be received within the 60-day period after the close of the fiscal year, the school district is encouraged to record an interfund loan from another fund instead of accruing the revenue to source 1900. See the School Accounting Manual Section 5-0520.50 for further information. The district may also use Funds 28 Technology or 29 Flexibility. The same coding would be used, but be aware that you may have to adopt a budget amendment to spend the funds. It would not be appropriate to treat these funds as an abatement of current year expenditures.